

Members

Rep. Weinzapfel, Chairperson
Mayor Bill Goffinet, Vice-Chairperson
Randy Edgemon
Tom Neltner
Matt Rueff
Jim Soper
Ed Tinkle



WATER INFRASTRUCTURE FINANCE SUBCOMMITTEE

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Authority: P.L. 248-2001 (SEA 121)

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MEETING MINUTES¹

Meeting Date: September 26, 2002
Meeting Time: 10:00 A.M.
Meeting Place: State House, 200 W. Washington St.,
Room 125
Meeting City: Indianapolis, Indiana
Meeting Number: 1

Members Present: Mayor Bill Goffinet, Vice-Chairperson; Randy Edgemon; Matt Rueff;
Jim Soper; Ed Tinkle.

Members Absent: Rep. Weinzapfel, Chairperson; Tom Neltner.

Mayor Bill Goffinet, Vice-Chairperson of the Water Infrastructure Finance Subcommittee of the Environmental Quality Service Council, called the meeting to order at 1:05 p.m.

Mayor Goffinet outlined the charge to the subcommittee to evaluate the feasibility and potential benefits of establishing an environmental assistance authority (EAA) to administer the wastewater revolving loan program, the drinking water revolving loan program, and the supplemental drinking water and waste water assistance fund and program (together referred to herein as the "SRF program"). Included in the evaluation are the identification of infrastructure needs and the consideration of funding sources.

Subcommittee members commented that it would be necessary to ensure that an EAA would not conflict with requirements of federal law and the U.S. Environmental Protection Agency (EPA), that the state's ability to leverage federal funds would not be impaired, that the economic development element of infrastructure needs would be properly addressed, and that users of water infrastructure would be benefitted by the creation of an EAA.

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

Tim Method, Deputy Commissioner of the Department of Environmental Management (IDEM) and Bruno Pigott, SRF Section Chief of IDEM's Office of Water Quality, commented on the current status of the SRF program. IDEM works with EPA to meet federal requirements, and with the State Budget Agency (SBA) under a recently revised memorandum of understanding to meet state requirements. Through a survey of communities, IDEM has identified waste water infrastructure needs over the next twenty years of approximately \$7.9 billion. In response to questions from subcommittee members, Mr. Pigott described the survey methodology and the potential impact on the infrastructure needs figure of the communities that did not respond to the survey.

Rich Emery, SBA, indicated that some other states have EAA's, and addressed the manner in which needs surveys in the area of drinking water affect the amounts of federal grants. He provided figures on the remaining capacity for SRF waste water and drinking water loans, the current levels of federal capitalization grants, and the amounts the state leverages using those grants.

Mr. Pigott addressed the number of outstanding SRF loan applications, the number of preliminary engineering reports currently under review, and the typical time line for review of applications. Discussion ensued concerning the prospects for reduction of the application review period if an EAA is instituted. Mr. Tinkle suggested that time could be cut from the review process if certifications of professional engineers were accepted rather than being subjected to further review. Mr. Method distributed an "SRF Technical Review" (Handout #1).

Mr. Emery discussed the role in the SRF loan process of the Indiana Development Finance Authority.

Senator Beverly Gard stated that the huge financial scope of the SRF program and its importance to communities require the greatest possible efficiency in administration. A properly designed EAA could achieve greater efficiency than that generated by the three state agencies currently responsible for the program. In response to a question from Sen. Gard, Mr. Method discussed the extent to which private contracts have been used in the program, and indicated that IDEM will provide a list of potential uses of SRF program loans and the limits placed on those uses. Discussion ensued concerning the manner in which revenue is factored into the SRF program to cover administrative expenses, and possible IDEM estimates on future needs to deal administratively with the projected increase in the size of the program.

Diana Hamilton, the Governor's Public Finance Director, analyzed the SRF program, emphasizing that the program includes no state funding. She discussed future capacity for program loans, which falls short of the projected infrastructure needs, and potential means of increasing capacity. The EAA program in Arizona could serve as a model for Indiana.

Mayor Goffinet stressed the importance of looking at any other possible sources of revenue to support the SRF program, including whether an increase in federal capitalization grants might be sought. Mr. Pigott indicated he will investigate the criteria used in determining the amounts of the grants.

Mayor Goffinet directed that a summary (Handout #2) of Sen. Gard's 2002 EAA bill (SB 195), and written comments of Tom Neltner (Handout #3), be distributed to members.

Mayor Goffinet commented on the current state of the bond market, and that the timing might be good for the use of bonds to finance infrastructure needs.

Rae Schnapp, Water Policy Director, Hoosier Environmental Council, commented on the need for efficiency in the current program and for coordination among state programs.

Mayor Goffinet scheduled the next meeting of the subcommittee for October 10, 2002 at 10:00 a.m. in Room 125, State House.

The meeting was adjourned at 12:50 a.m.